

Message Text

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PAGE 01 WARSAW 04353 231443Z
ACTION XMB-04

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R 231235Z MAY 78
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 5229
USDOC WASHDC
INFO AMCONSUL KRAKOW POUCH
AMCONSUL POZNAN POUCH

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STATE PLEASE PASS TO EXIMBANK, COMMERCE FOR BEWT/TDAD

EO 11652: NA
TAGS: BEXP EXIM PL
SUBJ: CONTRACT FOR HUTA KATOWICE COLD ROLLING MILL COMPLEX

REF: (A) WARSAW 2653 (PARA 7A), (B) STATE 100596 (NOTAL)

1. ON MAY 19, THE TRADE DEVELOPMENT CENTER DIRECTOR RECEIVED
A LETTER FROM DAVID VAN GEND, MANAGER OF ENGINEERING SERVICES
FOR US STEEL ENGINEERS AND CONSULTANTS, INC. (UEC) OF
PITTSBURGH. THE LETTER WAS HAND-DELIVERED BY A REPRESENTATIVE
OF THE CONSORTIUM UEC IS LEADING TO BID ON THE THE SUBJECT PROJECT.

2. VAN GEND INDICATED THE US STEEL CONSORTIUM STILL INCLUDES
MESTA MACHINE COMPANY, PRODUCTION MACHINERY CORPORATION, LEE
WILSON ENGINEERING COMPANY, AND GENERAL ELECTRIC. THE LETTER
PROVIDED THE FOLLOWING BREAKDOWN OF EQUIPMENT AND SERVICES
EACH FIRM WILL PROVIDE IF THE CONTRACT IS WON:

US STEEL - TECHNOLOGY AND SPECIAL EQUIPMENT.

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MESTA - FIVE-STAND MILL, COLD MILLS AND A GALVANIZING LINE.

PRODUCTION MACHINERY - SHEAR LINES, SLITTING LINES,
PICKLING LINES, AND PACKAGING LINES.

LEE WILSON - ANNEALING FURNACES.

GENERAL ELECTRIC - ALL ELECTRICAL EQUIPMENT.

THE REPRESENTATIVE WHO DELIVERED THE LETTER SAID
TWO ADDITIONAL (UNSPECIFIED) FIRMS MAY JOIN
THE CONSORTIUM LATER.

3. THE LETTER ALSO INDICATED THAT TWO MORE COMETING
CONSORTIA HAVE BEEN FORMED IN THE UNITED STATES.
THESE ARE (1) BLAW KNOX, AETNA STANDARD,
GENERAL ELECTRIC, AND NATIBTALIITEEL, AND (2) WEAN-UNITED
AND OTHER (UNSPECIFIED) FIRMS.

COMMENT: IN ADDITION TO THE JAPANESE AND WEST GERMAN COM-
LQEITION OF WHICH WAPRE AWARE, THE ADDQION OF THESE FIRMS
WOULD MAKE A TOTAL OF FICE GROUPS COMPETING. END COMMENT.

4. VAN GEND'S LETTER EXPLAINED THAT THE PROJECT
HAS BEEN EXPANDED BY THE POLES
SO THAT THE VALUE OF IMPORTED PRODUCTS AND SERVICES IS NEARLY \$300
MILLION, INSTEAD OF THE \$250 MILLION EARLIER ESTIMATED.
COMMENT: APPARENTLY, THE POLES HAVE ADDED TWO ADDITIONAL
PRODUCTION LINES IN THEIR PLANS FOR THE COMPLEX. CONSE-
QUENTLY, THE DEADLINES FOR SUBMISSION OF COMPLETE
TECHNICAL PROPOSALS AND THE COMMERCIAL PROPOSAL HAVE
BEEN SET BACK ONE MONTH (AND MAYBE LONGER) TO JULY 31
AND AUGUST 31, RESPECTIVELY. END COMMENT.
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5. THE LETTER ALSO PRESENTED THE
RESULTS OF A USS STUDY SHOWING THE EMPLOYMENT IMPACT ON
THE US ECONOMY IF THIS CONTRACT IS WON, AND IF THE CON-
SORTIUM STAYS INTACT. THE STUDY SHOWS THAT 5,890
FULLTIME JOBS OVER A TWO-YEAR PERIOD WOULD BE DIRECTLY
RELATED TO THE KATOWICE PROJECT. THE BREAKDOWN IS AS
FOLLOWS:

UEC: WESTERN PENNSYLVANIA - 150 JOBS
MESTA: WESTERN PENNSYLVANIA - 1,050 JOBS
VARIOUS STATES - 500 JOBS
PRODUCTION MACHINERY: OHIO - 1,650 JOBS
VARIOUS STATES - 510 JOBS

LEE WILSON : OHIO - 490 JOBS
PENNUGLVANIAM- 240 JOBS
WISCONSIN - 80 JOBS

GENERAL ELECTRIC : NEW YORK - 800 JOBS
WEST VIRGINAI - 450 JOBS

6. COMMENT:

THIS PROJECT, WHICH IS ESSENTIAL COMPLEMENT TO THE HOT
STRIP MILL NOW NEARING COMPLETION AT KATOWICE, SEEMS TO HAVE
A TOP PRIORITY IN POLISH ECONOMIC PLANNING FOR THE NEXT TWO
YEARS. IT WILL STAND OUT AS AN EXCEPTION TO THE PROGRAM
OF AUSTERITY AND INVESTMENT CUT-BACK WHICH THE POLES ARE
NOW MAINTAINING IN AN EFFORT TO IMPROVE THEIR BALANCE-
OF-PAYMENTS POSITION. END COMMENT.
SCHAUFLE

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Message Attributes

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